

Message Text

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INFO AMEMBASSY BRUSSELS

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AMCONSUL LUBUMBASHI

C O N F I D E N T I A L KINSHASA 2372

E.O. 11652: GDS

TAGS: ECON, EINV, CG

SUBJECT: DECEMBER 30 MEASURES--NEW DELEGATES GENERAL

REF: KINSHASA 2259, KINSHASA A-38 KINSHASA 2233,
KINSHASA 2090

BEGIN SUMMARY: FOLLOWING UP ON KINSHASA 2259, THIS
CABLE TRANSMITS EMBASSY'S INITIAL IMPRESSIONS OF
VARIOUS ASPECTS OF EXPANDED DELEGATE GENERAL (DG)
PROGRAM AND CITES MOST RECENTLY ANNOUNCED STEPS TOWARD
ITS FORMALIZATION. END SUMMARY

1. WITH FEW EXCEPTIONS BUT NUMEROUS ADDITIONS, NEW
LISTS OF FIRMS AFFECTED FOLLOWS THAT SUBMITTED AS
ENCLOSURE B TO KINSHASA A-38. TO THAT GROUP IT ADDS
ABOUT TWENTY ENTERPRISES NOT HITHERTO MENTIONED AS
LIKELY CANDIDATES FOR NATIONALIZATION, SOME OF WHICH
NEVERTHELESS OBVIOUS CHOICES. INSTITUTIONS COVERED
RANGE FROM MYRIAD OF HITHERTO PRIVATE MANUFACTURING OR
MARKETING ENTERPRISES TO SUCH PARASTATAL ORGANIZATIONS
AS INSTITUT DE GESTION DE PORTEFEUILLE (IGP) CAISSE
D'EPARGNE AND AIR ZAIRE (WITH AMERICAN CLAUDE HUTT AS
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DG). SOME FORMERLY INDEPENDENT COMPANIES ARE JOINED WITH

ONE OR MORE SIMILAR FIRMS UNDER ONE DG. IN ADDITION TO NAMING DG'S FOR ALL FIRMS AFFECTED, LIST ALSO CHANGES THREE DG'S NAMED PREVIOUSLY. RESULT IS TOTAL OF 115 DELEGATES GENERAL COVERING SLIGHTLY LARGER NUMBER OF INSTITUTIONS (SEE SEPARATE AIRGRAM FOR COMPLETE LIST).

2. MANY FIRMS AFFECTED CLEARLY FALL WITHIN BROAD PREJUDICED DEFINITION USED BY MOBUTU EARLIER THIS YEAR--"COLONIAL INVESTMENT." EVEN SOLE AMERICAN INTEREST INVOLVED, SABUNI, COULD BE VIEWED AS MEETING THIS GENERAL CRITERION AS IT DATES FROM 1964. ITS INVESTMENT CODE COVERAGE, GRANTED OCT. 1972. AND RUNNING UNTIL AUG. 1975, WAS FOR 1972 EXPANSION PROGRAM WHICH DOUBLED PRODUCTION CAPACITY. BUT MOBUTU SAID CLEARLY THAT CODE WOULD NOT SAVE THOSE WHOM MERELY REINVESTING PROFITS GAINED BY OTHERWISE LONGSTANDING "COLONIAL" ENTERPRISE. HE INTENDED PROTECT ONLY NEW MONEY COMING DIRECTLY FROM ABROAD. PARTICULARLY CLEAR EXAMPLE OF APPLICATION THIS CRITERION SEEMS TO BE TEXTILE INDUSTRY WHERE ALL SIGNIFICANT OLD-TIMERS TAKEN OVER, BUT NEW ARRIVALS SUCH AS SOTEXKI AND CPA NOT RPT NOT TOUCHED.

3. ANOTHER CATEGORY CONFIRMED AS NATIONALIZED AND CONSEQUENTLY GIVEN DG'S WAS CONSTRUCTION SECTOR. FROM BEGINNING THIS MOVE HAS BEEN CLEAR ATTEMPT TO THROTTLE COLLUSIVE RIP-OFF PRACTICED BY ALMOST ALL OLDER AND LARGER FIRMS IN SECTOR. IN INTERESTING TO NOTE THAT KALICAK NOT RPT NOT INCLUDED AND HAS RECEIVED WRITTEN DEROGATION (SEE KINSHASA 2233. ALSO WESTINGHOUSE MAJORITY-OWNED BELGIUM-BASED SUBSIDIARY ACEC NOT RPT NOT AFFECTED, DESPITE EARLIER BLOCKING OF BANK ACCOUNT ALONG WITH CONSTRUCTION INDUSTRY. FURTHERMORE, ENGINEERING FIRM, ALLIED TO CONSTRUCTION SECTOR AND FORMERLY TOLD THEY ALSO NATIONALIZED (INCLUDING IECCO), WERE NOT RPT NOT ON LATEST LIST.

4. TWO LARGE DISTRIBUTORS OF AMERICAN PRODUCTS, CHANIC GROUP (CHANIC, CHANITEC, CHANIMAT AND CHANIMETAL) AND CONFIDENTIAL

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AFRIMA, NOT RPT NOT SHARING SAME FATE. FORMER INCLUDED ON MOST RECENT LIST; LATTER NOT. COMMENT. AFRIMA DIRECTOR TOLD US LONG AGO THAT RELATIONSHIP OF LONRHO ORGANIZATION TO AFRIMA WOULD GIVE LATTER ALL PROTECTION NECESSARY, REINFORCED, HE FELT, BY FACT KUWAITIS NOW SIGNIFICANT SHAREHOLDERS IN LONRHO. END COMMENT.

5. SINCE DECEMBER 30 EMBASSY HAS BEEN CONTACTED BY

MOST PHARMACEUTICAL FIRMS IN KINSHASA WIT EVEN VAGUE CLAIM TO U.S.NATIONALITY. ALL FEARED SOME MOVE AFOOT TO NATIONALIZE THEIR SECTOR, BUT NO CONCRETE INFORMATION AVAILABLE. LIST OF DG'S DOES NOT TOUCH PHARMACEUTICAL SECTOR. ALTHOUGH WE AWARE OF HIGH LEVEL EFFORTS TO BRING SECTOR UNDER DIRECT CONTROL, IT WOULD SEEM THAT PLANS NOT YET SUFFICIENTLY ADVANCED FOR GOZ TO MAKE MOVE AT THIS TIME. ENCOURAGING SIGN FOR U.S. INTERESTS IS THAT WANER-LAMBERT SAYS THEY RECENTLY ADVISED THAT SPECIFIC DEROGATION IN WORKS FOR THEM.

6. ALL DG'S APPOINTED SINCE INITIATION OF DECEMBER 30 PROGRAM WWRE RECENTLY INSTRUCED TO GO THROUGH FORMAL "REMISE-REPRISE" CEREMONIES ON MONDAY, MARCH 17. THIS STEP REMOVES SOME OF DOUBT ABOUT STATUS OF DG'S WHICH HAD PREVAILED SINCE APPOINTMENT OF FIRST FEW EARLY THIS YEAR. IT DEFINITELY PUTS THEM IN CHARGE, EVEN IF RESTRICTIONS REPORTED KINSHASA 2090 REMAIN IN EFFECT. THE NEW INSTRUCTIONS ALSO INCLUDE REAFFIRMATION OF RESPONSIBILITY OF STATE COMMISSIONER FOR FINANCE FOR SETTING SALARIES OF DG'S--A BURDENSOME JOB AT BEST.

7. PRESS REPORTS OF MARCH 18 INDICATE TWO FURTHER STEP IN FORMALIZATION OF DG PROGRAM. FIRST, THERE WILL SOON BE MEETING OF ALL DG'S TO "DEFINE IN A CLEAR MANNER" THEIR ROLE IN MANAGEMENT OF ZAIRIANIZED ENTERPRISES. SECOND, ASSITANT DELEGATES GENERAL AS WELL AS MEMBERS OF "REVOLUTIONARY MANAGEMENT COMMITTEES" WILL BE SELECTED FROM CURRENT PERSONNEL OF ZAIRIANIZED FIRMS, IN ORDER THAT MANAGEMENT MAY PROFIT BY "FRUIT OF THEIR EXPERIENCE IN THE METIER, AND THIR MILITANTISME."

8. COMMENT . BIO DATA AVAILABLE IN EMBASSY DOES NOT
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RT NOT PAINT ENCOURAGING PICTURE OF NEW DELEGATES
GENERAL. A FEW, HOWEVER, ARE CONSIDERED TO BE QUITE COMPETENT.

9. IN GENERAL, LIST COMPOSED OF "ELDER GENERATION". MANY OF DG'S HAVE BEEN LEGISLATIVE DEPUTIES, REGIONAL GOVERNORS AND OTHERS WHO INCURRED AT ONE TIME OR OTHER MOBUTU'S DISPLEASURE. SEVERAL HAVE SPENT TIME IN PRISON FOR EMBEZZLEMENT.

10. AMONG NOTABLES ON LIST ARE NENDAKA, FORMER POWERFUL FIGURE IN ALMOST EVERY CABINET FROM INDEPENDENCE UNTIL HIS FALL IN 1972; BOMBOKO, FORMER FOREIGN MINISTER AND CONFIDANT OF MOBUTU WHO ALSO FELL FROM GRACE IN 1972; BOLIKANGO, FORMER POLITICAL BUREAU MEMBER AND "ELDER STATESMAN", FORMER NATIONAL ORIENTATION MINISTER SAKOMBI'S

BROTHER; AND BROTHER OF FORMER FOREIGN MINISTERRECENTLY
RETURNED UNDER AMNESTY, LOSEMBE, ONE IS LED TOWARD CONCLUSION
THAT MOBUTU
MAKING UP FOR PAST GRIEVANCES.

11. IT IS ALSO STRIKING THAT LARGE MAJORITY OF ZAIRIAN
BUSINESSMEN APPARENTLY DISPOSSESSED IN WAKE OF
DECEMBER 1974 MEASURES (E.G. LITHO, KISOMBE, MOLEKA)
GIVEN RESPONSIBILITY FOR SOMETHING ELSE, THUS NOT
EXCLUDED EITHER. EXTENT TO WHICH DG PROGRAM AMOUNTS
TO PAYOFF MIGHT BECOME CLEARER IF AND WHEN LEVEL AND
MODALITIES OF PAYMENT OF DG SALARIES BECOME KNOWN.
END COMMENT.
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